

Message Text

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47

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00

COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01

SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01

AEC-05 DODE-00 FEAE-00 FPC-01 H-01 INT-05 L-02 NSC-05

PM-03 OES-02 SS-15 /084 W
----- 035686

R 081131Z NOV 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5484

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 14568

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: EC COMMISSION CONSULTATIONS WITH MAJOR OIL
COMPANIES

REF: EC BRUSSELS 8680 AND 8L06

1. HMG SOURCE GAVE US BACKGROUND HOW COMMISSION CON-
SULTATIONS WITH MAJOR OIL COMPANIES CAME ABOUT. AT
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OCTOBER MEETING OF EC ENERGY COMMITTEE COMMISSION, DG

FOR ENERGY SPAAK REMINDED GROUP THAT EC HAD SENT MESSAGE TO OPEC MINISTERIAL AT QUITO CONCERNING OIL PRICE INCREASE AND COMPANY PROFITS. IN ORDER TO MAINTAIN EC'S CREDITABILITY IN THIS CONTEXT AND POSSIBLY AS PREPARATION FOR FOLLOW-UP TO EC APPROACH TO OPEC, COMMISSION NEEDED TO DETERMINE PERTINENT FACTS AND KEEP DOSSIER. COMMISSION OBJECTIVE, ACCORDING TO SPAAK, WAS NOT TO MONITOR OIL COMPANY PROFITS.

2. PRIVATE INDUSTRY SOURCE CONFIRMS THAT SPAAK IN DISCUSSIONS WITH OIL COMPANIES SAID HE MERELY WANTED TO FIND OUT WHAT EFFECTS OPEC DECISIONS HAVE HAD SINCE JANUARY ON CRUDE SUPPLY AND PRICES IN ORDER TO DETERMINE WHETHER FURTHER EC DEMARCHE TO OPEC IS APPROPRIATE. MEETINGS HAVE BEEN SATISFACTORY ALTHOUGH AT ONE POINT SPAAK ATTEMPTED TO GO BEYOND HIS MANDATE AND DELVE INTO DOWNSTREAM OPERATIONS. QUESTIONS GENERALLY HAVE BEEN DIRECTED, HOWEVER, TO COMPANIES' ABILITY TO WITHSTAND INCREASED COSTS. AT LEAST ONE US COMPANY (EXXON) INTENDS TO PROVIDE INFORMATION ON INTER-AFFILIATE TRANSFER PRICE WHICH WILL SHOW CONCLUSIVELY THAT LOSSES WERE SUSTAINED DURING RELEVANT PERIOD.

3. COMPANIES ARE NOT ENTIRELY HAPPY WITH COMMISSION EXERCISE, HOWEVER. ON PROCEDURE, SOME THOUGHT IT WAS INAPPROPRIATE--AND POSSIBLY AN ATTEMPT TO ESTABLISH A PRECEDENT--FOR SIMONET TO HAVE WRITTEN DIRECTLY TO PARENT OFFICES IN US. SEVERAL US PARENTS ADVISED SIMONET THAT EUROPEAN REGIONAL OFFICES WOULD CONDUCT CONSULTATIONS.

4. ONE INDUSTRY SOURCE SPECULATES THAT COMPETITION AND ENERGY DIRECTORATES GENERAL HOPE THIS EXERCISE WILL SERVE AS OPENING WEDGE TO PLUG COMMISSION INTO IEP INFORMATION SET-UP.

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